CANADIAN CAR & FOUNDRY COMPANY

LIMITED

TWENTY-EIGHTH
ANNUAL
REPORT
1937

MONTREAL - CANADA

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CANADIAN CAR & FOUNDRY COMPANY, LIMITED

BOARD OF DIRECTORS

W. F. Angus, Montreal

Hon. C. P. Beaubien, Senator, Montreal

Hon. J. P. B. Casgrain, Senator, Montreal

F. H. Clergue, Montreal

V. M. Drury, Montreal

J. C. Newman, Montreal

L. A. Peto, Montreal

Hon. Lorne C. Webster, Senator, Montreal

OFFICERS

V. M. Drury, *President*

L. A. Peto, *Vice-President and General Manager*

W. F. Angus, *Vice-President*

A. D. Neale, *Vice-President*

W. S. Atwood, *Vice-President*

A. C. Bourne, *Secretary*

P. C. McLachlan, *Comptroller and Treasurer*

SOLICITORS

Wainwright, Elder & McDougall, Montreal

BANKERS

Bank of Montreal

The Royal Bank of Canada

GENERAL OFFICES

621 Craig Street West, Montreal

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNED SURPLUS AND PROFITS

September 30, 1937

Combined net operating profits for the Fiscal Year ending September 30, 1937, before charging depreciation		$1,917,006.72
ADD:		
Dividend received from partly owned subsidiary	$28,893.00	
Interest on Investments	1,186.76	
Profit on Investments	13,092.89	43,172.65
		1,960,179.37
LESS:		
Fees of Directors and Executive Committee	11,538.33	
Salaries of Officers	86,830.94	
Legal Expenses	6,821.18	105,190.45
Profit for the Fiscal Year before charging Depreciation and Income Taxes		1,854,988.92
DEDUCT DEPRECIATION:		
On property written off during the year	87,060.92	
Additional reserve provided	343,514.89	430,575.81
Profit for the Fiscal Year before providing for Income Taxes		1,424,413.11
DEDUCT: Provision for Income Taxes		290,000.00
NET ADDITION TO SURPLUS:		1,134,413.11
Surplus at September 30, 1936		1,867,558.46
SURPLUS carried forward September 30, 1937		$3,001,971.57

CANADIAN CAR & FOU

AND WHOLLY OWNED

CONSOLIDATED

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ASSETS

CAPITAL ASSETS:		
Real Estate, Buildings, Machinery and Patents at depreciated reproductive values as appraised in 1930 by the Canadian Appraisal Company, Limited, plus the cost of subsequent additions..	$18,245,993.25	
LESS: Reserve for depreciation provided since above date	1,206,377.64	$17,039,615.61
DEPOSITED with The Royal Trust Company as guarantee under Workmen's Compensation Act of Quebec—Government Bonds		4,000.00
INVESTMENTS IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANY:		
Investment at Cost	288,930.00	
Current Account	42,202.34	331,132.34
INVESTMENT IN BURNELLI AIRCRAFT, LTD., at cost		75,000.00
CASH RECEIVED, and Deposited with Bankers, in connection with aeroplane contract, less payments made thereout, as per contra		684,776.20
CURRENT ASSETS:		
Inventories of manufactured and partly manufactured product, materials and supplies, certified by responsible officials of the company, valued at cost or market prices, whichever were lower (less reserve)	3,701,360.46	
Accounts Receivable (less reserve)	706,265.44	
Cash in Bank	409,308.32	4,816,934.22
DEFERRED CHARGES		112,293.13
		$23,063,751.50

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Canadian Car & Foundry Company, Limited, and its wholly owned Subsidiary Companies for the year ending September 30, 1937, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Consolidated Balance Sheet at September 30, 1937, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Canadian Car & Foundry Company, Limited, and its wholly owned Subsidiary Companies, after making provision of $430,575.81 on account of depreciation for the year, according to the best of our information and the explanations given to us and as shown by the books of these companies.

In accordance with the provisions of Section 114 of the Companies Act 1934, we also report that the profits of a partly owned subsidiary company have been included in the above accounts only to the extent of the dividends declared and received therefrom, the balance of profits being carried forward on the books of the subsidiary company.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, November 16th, 1937.

NDRY COMPANY, LIMITED

UBSIDIARY COMPANIES

BALANCE SHEET

30, 1937

LIABILITIES

CAPITAL STOCK:		
Preference:		
Seven per cent cumulative and participating.		
Authorized and issued 300,000 shares of $25 each	$ 7,500,000.00	
LESS: Purchased for retirement 16,885 shares of $25 each	422,125.00	
Outstanding 283,115 shares of $25 each	7,077,875.00	
(Dividends in arrear $1,981,805.00)		
Ordinary:		
Authorized 400,000 shares of no par value.		
Issued 365,800 shares	9,145,000.00	$16,222,875.00
CURRENT LIABILITIES:		
Accounts Payable and Payrolls	1,563,524.65	
Provision for Dominion, Provincial and other Taxes	471,393.17	2,034,917.82
NET CASH RECEIVED in connection with aeroplane contract, as per contra		684,776.20
OPERATING AND MISCELLANEOUS RESERVES		266,000.00
CAPITAL SURPLUS:		
Balance at September 30, 1936	863,679.27	
Minor Adjustments during year—Net	10,468.36	853,210.91
EARNED SURPLUS, as per attached statement		3,001,971.57
		$23,063,751.50

Approved on behalf of the Board:

V. M. DRURY
Director

W. F. ANGUS,
Director

L. A. PETO,
Vice-President and General Manager

TWENTY-EIGHTH ANNUAL REPORT

Year Ending September 30, 1937

To the Shareholders:

Your Directors submit herewith the Twenty-Eighth Annual Report of your Company and of its wholly owned Subsidiary Companies, covering combined operations for the year ending September 30th, 1937.

The expectation of an increase in business, expressed by your Directors in the Report of a year ago, has been fully justified, with the result that your Directors are able to report the best earnings of any year since 1930. The net profit before depreciation amounts to $1,854,988.92, which compares with a net profit of $234,374.97 last year. After providing $430,575.81 for depreciation and obsolescence, and $290,000.00 for Dominion and Provincial Income and Profits Taxes, there remains a net profit of $1,134,413.11.

Despite the fact that operating conditions during the year were rather difficult, and that material supplies were not easy to obtain, our organization was able to function uninterruptedly throughout the year. The equipment orders were not completed within the fiscal period and there has been a substantial carryover into the new year. The miscellaneous products of the Company accounted for about one-half of the entire output, and the export business also showed considerable improvement.

Owing to changes in the design of both freight and passenger car equipment, it was necessary for us to add a substantial amount of modern equipment to adequately meet the new requirements, and in this respect the Directors desire to assure the Shareholders that every effort is being made, and will be made, to anticipate the trend of development in transportation equipment in order to meet every call which may be made upon us.

In last year's report your Directors announced their intention to enter the field of aircraft manufacture. This new line has been vigorously followed up and we have on hand at the present time orders from foreign governments to the extent of approximately $2,000,000.00. Further quotations are being made, and it is confidently expected that work in our aircraft factory will continue throughout the coming year.

The operations of the Canadian General Transit Company, Limited, in which your Company owns a controlling interest, continue to expand satisfactorily.

Your Directors deeply regret to have to record the death on January 20th, 1937, of Henry W. Beauclerk, who had served continuously as a Director of this Company since July 15th, 1918.

Your Directors also record, with deep regret, the passing of Wilson W. Butler on June 18th, 1937. The late Mr. Butler had been Vice-President of the Company from its inception and President since 1919, and our loss, through his death, is indeed a great one.

Your Directors are pleased to report that Mr. J. C. Newman of Montreal has recently joined the Board of Directors of your Company.

Your Directors take this opportunity of expressing their appreciation of the loyal and efficient services rendered by the officers and employees throughout the year.

For the Directors,

V. M. DRURY,
President.

Montreal, November 16th, 1937.